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THE WAR LABOR PROGRAM AND ITS ADMINISTRATION

I. THE INDUSTRIAL CONFUSION ATTENDANT UPON THE OUTBREAK OF THE WAR

The problems which faced our national leaders upon our entry into the war were literally staggering. A nation whose whole tradition was one of peace was to be placed in the physical and mental attitude to wage war. Its human and industrial resources were to be reorganized to meet the drains of war. For the direction of these tasks there was a pitifully inadequate staff of officials—inadequate in numbers, in training, in outlook, and in authority—who had not even had in proper measure the advantages flowing from preliminary planning.

Under the circumstances, it is not surprising that much industrial confusion attended our efforts. Conditions in the Ordnance Department¹ may be taken as an example of the difficulties involved. At the outbreak of the war, this department had on duty nine commissioned officers at Washington and a total of ninety-seven in the entire country. Its peace-time expenditures had been about

¹ The conditions in the Ordnance Department were of course not peculiar. The Quartermaster Corps, the Signal Corps, the Medical Corps, the Navy, the Shipping Board, and all our other so-called production departments could recount a story substantially like that of the Ordnance Department.

\$13,000,000 per annum. From this nucleus there was developed in one year a staff at Washington consisting of 3,000 officers, 1,700 enlisted men, and 9,200 civilians, with a total of 5,000 officers in this country and abroad. This mushroom staff had charge of direct appropriations and contract authorizations amounting to several billions of dollars; it set up the mechanism for controlling the production of this quantity of material (for of course it could not be procured on the open market and its production had to be supervised); it provided the administrative forces for storing and handling, both in this country and abroad, the material when it had been produced and delivered. The enterprise was conducted in a fashion that was, upon the whole, admirable. Men could not be trained overnight, but able engineers and business executives were called into the service, assigned to duties in the various divisions of the work, given a considerable range of authority, and held responsible for results.

Admirable as was the approach of our higher officials to the problem placed before them, defects in operation resulted from insufficient planning and from the impossibility of training subordinates properly in the time available. It would be an unpardonable injustice to assert that the programs of the production departments were carried out with little planning. No one who came into contact with the overburdened officials responsible for the execution of these programs would make such an assertion. It is true however (through little fault of theirs) that their planning was hastily done and was not well co-ordinated. Each production department and indeed each subdivision of each production department plunged into the execution of the task assigned to it, knowing little, and often caring less, how its actions would affect the execution of the programs of others. The officers in charge, particularly the subordinates, saw no other course open to them. They had been trained in our school of individualistic enterprise where "results" counted—"results," however, which did not depend upon national team work, since the projects involved did not demand the effective utilization of all the resources of the nation. The country demanded "results." In the absence of co-ordinating supervision at the top it seemed clear to the average production officer that his patriotic mission, to

say nothing of his chances of preferment and promotion, began and ended in his "pushing his own program through." And he had a reputation as a "pusher." He was the veritable "he-man" so popular in Washington dispatches. He had superlative contempt for the "super-co-ordinator" who dared ask whether the nation's interests did not require studies in priority and carefully balanced production. Furthermore, this "pusher" was almost certain to have accepted the prevailing fallacy that the expenditure of dollars rather than materials would win the war. He accordingly placed his emphasis on grinding out contracts for vast quantities of materials—an emphasis which the contractors themselves were not averse to stimulating. Under such conditions, one can well believe that carloads of hull paint were delivered at shipyards where the ways had not yet been laid on which the hulls were to be constructed. The nation's resources, unadjusted as they were, could not adequately meet such haphazard demands.

The confusion resulting from the apotheosis of the Great American Pusher was accentuated by difficulties arising from another quarter. Since there was little or no guidance from the top, since the industries and labor resources of the country had never been effectively catalogued and classified for military purposes, since war contracts of European nations had been centered in certain districts, and since the successful business managers and engineers called into the government service came mainly from the industrial districts of the country, the outcome of the zeal of the contracting officers was a tremendous concentration of contracts. When stock could be taken of the situation¹ it was discovered that, aside from the contracts of the Shipping Board, one-fourth of all the government contracts for war purposes had been located in the state of New York alone, one-half in three states (New York, Pennsylvania, and Ohio), and three-fourths in seven states (New York, Pennsylvania, Ohio, Massachusetts, Illinois, New Jersey, and Connecticut). A greater dispersion existed in the case of the Shipping Board contracts because the vessels themselves were

¹ It is an illuminating fact that this stock was not taken by the production departments themselves. The Statistics Division of the Council of National Defense, headed by Dr. Leonard P. Ayres, was the "outside" agency which found time and opportunity to study what had been done and to report the facts.

to be built all along our deep waterways. It is not improbable, however, that the contracts for accessories needed in shipbuilding showed a somewhat similar concentration, and the general belief is that the contracts of our allies were quite as heavily concentrated.

The war industry districts arising from this concentration of contracts rapidly extended existing plants and built new ones. They reached out to the rest of the nation for materials, money, and men. They required that scores of thousands of workers be transferred to them from districts where war work was not being done. Then followed a tremendous congestion of transportation facilities—a congestion that was later to play its part in causing the issuance of a so-called fuel order which was really an order to relieve an “industrial jam.”

Certain features of this confusion operated particularly to the disruption of satisfactory labor conditions. In our industrial system the standard mechanism for inducing laborers to move is that of an offer of higher wages. This offer was readily forthcoming from the contractors in war industries, particularly from those who held “cost-plus-percentage” contracts, which made it actually to the profit of the employer to pay high wages for his workers. War contractors “bid away” from ordinary industries their skilled workers, disrupting in so doing some of the basic industries of the country, and then bid against each other for these workers. The lack of general planning, or indeed of general knowledge of the turn events were taking, caused wages to rise very irregularly in the various trades affected, in the various communities affected, and even in the different industrial plants within a given community.¹ To this hectic wage situation there was added the fact that we did

¹ The competitive bidding of the various contractors was accentuated by their firm belief that there was a scarcity of labor, particularly of skilled labor. It is not surprising that this belief should have been prevalent. There was undoubtedly a scarcity of certain kinds of skilled labor; there was a scarcity of many kinds of skilled labor in the congested districts; and the story of England's difficulties in providing skilled labor had been widely circulated. One feature of our situation was very generally overlooked. The scarcity of shipping made our problem very different from that of England. The actual situation is that, granting scarcity of certain kinds of labor and of many kinds of labor in certain districts and of maladjustment of labor supply in many districts, there is no real scarcity of labor, taking the country as a whole.

not have a satisfactory system of employment exchanges through whose activities the movement of workers could take place in an orderly fashion according to carefully determined requirements. The result was that the movement occurred in a highly disorderly fashion, guided, if such a term may be used, by newspaper advertisements of private industries, by wild rumors of high wages in some distant locality, and by the patriotic desire of the individual worker to be of service. A plant manager in one of these war industry towns said that "for weeks laborers milled around like cattle" in his town. The story is told of one community in which an investigator met incoming trains and watched workers accept employment in as many as six to ten plants in the same day, moving from one to the other in the hope of ever-higher wages and accepting employment in every one whose wage offer was larger than that of its predecessor.¹

This restless movement of workers from place to place was stimulated by the fact that in some plants hasty construction or hasty plant extension had resulted in unsatisfactory or even dangerous working conditions, so that workers were unwilling to remain for a long period in the employ of these plants. These appear, however, to have been exceptional cases. A much more general cause of restless movement lay in the fact that when workers arrived in the congested districts they found that satisfactory housing did not exist and that the local communities were unwilling or unable to provide the necessary housing facilities. This attitude of the local communities was due partly to their fear that at the close of the war the war industries would be suspended, the workers be moved away, and empty houses be left on the hands of the community or its local improvement association; partly to the fact that local financial resources had already been overstrained for necessary plant extensions, and that outside resources could not, under the unsettled conditions, readily be made available.

¹ High wages are alleged to have contributed to the demoralization of labor in another way. Reports are numerous that workers stayed away from their tasks some days of the week because the high wages enabled them to make what they regarded as a satisfactory living by working the other days. One plant reported that it had to maintain a pay-roll of 10,000 in order to have an average of 9,000 report for work each morning.

The foregoing is of course only a fragmentary sketch of the conditions which were unfavorably affecting labor in production. It is sufficient, however, to make readily understandable the great increase in labor turnover and the very considerable increase in labor unrest and industrial disputes. There is, of course, no such thing as a "normal" labor turnover. Some writers have estimated that a labor turnover of 100 per cent per year represents average conditions. In these war industry plants, a labor turnover of 400 or 500 per cent was regarded low, and one of 1,600 to 2,000 per cent was by no means phenomenal. As for industrial disputes, in the early months of the war they were several times as numerous as in the corresponding period of the preceding year.

II. THE EARLY STAGES OF REMEDIAL ACTION

Even after every allowance is made for the fact that this story of industrial confusion does not apply to industries which continued to operate on a satisfactory basis, it is clear enough that the situation with respect to the proper utilization of our labor resources in war production had become a serious one. Plainly, some solution for the difficulties of the case must be forthcoming.

Our whole administrative approach to the problems of war made impossible any prompt solution through a centralized administration of labor problems. To begin with, we had not followed the English precedent of establishing a central department of production or Ministry of Munitions, in which contracts, control of production in relation to contracts, and control of labor in relation to production were placed under one administrative head who could keep the various factors in proper balance. Far from being under one control, our contracting and production departments were actually competing with each other in the procurement of supplies. Through their various contractors they were competing with each other for labor to be used in production.

In view of the unwillingness of our responsible officials to provide a central department of production, there was but one agency, the Council of National Defense, which could bring about co-operative action, and it was well-nigh powerless to deal with the situation. The Council of National Defense is an investigating and

advisory body. Its administrative powers are not great. Handicapped as it was, it none the less expended much time and effort in the attempt to bring order out of chaos.¹ As early as April 7, 1917, it passed a resolution urging the maintenance of existing labor standards and existing industrial relations. Its Committee on Labor did much useful service in the development of sound public sentiment, in the formulation of acceptable standards of labor, in making inquiries concerning dangers to labor arising from war conditions, in assisting in formulating laws and regulations with respect to social insurance and employment agency work, and in various other ways. It could not, however, deal administratively with labor in production.

No complete account of the Council's labor activities will be attempted. Their general drift may be sufficiently seen from the fact that late in August, 1917, the following resolution was defeated by the narrow margin of one vote, a unanimous vote being regarded expedient in such a case.

That a War Labor Board of five members be appointed by the Council of National Defense, to consist of one representative of the Department of Labor, one of the American Federation of Labor, one of the Special War Boards (War Industries Board, Shipping Board, Aircraft Production Board, etc.), one of employers, and one of technical and professional labor.

Its duties shall be:

1. To secure and digest information from all governmental agencies which require an immediate additional demand for labor.
2. To formulate methods by which the demand may go most directly to the Department of Labor and to such other governmental and industrial agencies as can best meet such demand.
3. To formulate plans for meeting future additional war demands for labor.
4. To consider such new problems of labor as may be referred to it by the Council of National Defense or other governmental agencies; and to secure and furnish information to them, or to such others, as may be referred to the board by them.
5. To do such other things as the Council of National Defense may require relative to the employment of labor.

The dissenting vote on this resolution was not caused by opposition to a centralization of labor administration, but by a belief

¹ The Director of the Council was particularly aware of the necessity of action along this line. His efforts contributed much to the events leading to the Presidential order of January 4, 1918, by which a War Labor Administration was authorized.

that our war administration already had a superfluity of boards. Experience had made it increasingly clear that the *bon mot* of one of the Cabinet officers was appropriate: "A board is long and narrow and wooden."

It is noticeable that the demand for some central agency in labor administration at this time centered primarily about the supposed shortage of labor. This same consideration was largely responsible for a later action of the Council of National Defense. On November 2, 1917, they instructed the Director

to undertake the following work, co-operating with the Department of Labor and other government agencies:

1. To determine present and probable future demand for labor in war industries.
2. To determine in connection with the Priorities Committee of the War Industries Board the relative priorities of the labor demand.
3. To arrange for the supplying of the demand through the Department of Labor or such other governmental or civilian agencies as can best meet the demand.
4. To determine the needs for dilution of labor including the introduction of women into industry and recommend policies to be followed in regard thereto.

This action resulted late in November in the establishment of the so-called Industrial Service Section of the Council of National Defense. By that time, however, the true character of labor problems in war production had been more clearly revealed. At the request of the chief of the Industrial Service Section its activities were permitted to take the form of: (a) co-operating with others in promoting the development of a United States Employment Service in the Department of Labor; (b) co-operating with others in bringing to pass a unified labor administration which would have executive rather than consulting power and would be concerned with the whole range of problems involved in the control of labor in production.

It is of course highly desirable that the administration of war labor matters should be closely connected with the production of war materials. Since, however, this was for many reasons not feasible in the earlier stages of our war activities, the question arises whether labor agencies which were not directly connected with pro-

duction might not have stepped into the breach. The chief agencies of this character were the state bureaus of labor and the federal Department of Labor. The state bureaus of labor could at the best deal with the problem piecemeal as it appeared within the borders of the individual states. Even within this circumscribed field their usefulness was not great. Typically, they have not been organized on the basis of an appreciation of the part labor plays in production. Rather, their organization has been formulated in vague terms of labor welfare. Several of these state bureaus have indeed done excellent work in inspection of labor conditions and in maintenance of proper labor standards among our war industries. Both because of geographical isolation and because a sense of team play has not developed among them, it was inevitable that they should fall far short of meeting such national problems as those involved in securing an adequate supply of labor, providing housing, regulating wages, and adjusting labor disputes.

The federal Department of Labor was also not in a position to render great service. Its enabling act provided for a department whose duty it would be to "foster, promote, and develop the welfare of the wage-earners of the United States." This was a large order, and could be carried out only provided proper instrumentalities were furnished. In actual fact, however, the Department of Labor was made up of a somewhat miscellaneous collection of bureaus which had been taken out of the parent Department of Commerce and Labor, placed under a new administrative control, and metamorphosed by the magic wand of congressional fiat into a new department. Its administrative organization was in no sense comprehensive of the entire field of labor in production. Its funds had been meagerly provided by a somewhat suspicious Congress. Its support, both by the business world and to some small extent by the labor world whose interests it was designed to safeguard, had been lukewarm. Even if this department had been commissioned at the outset to supervise labor in war production, it could not have done so successfully except on the basis of a complete reorganization of the department. In point of fact, it was not so commissioned. Its activities in war production were sporadic. It co-operated with the Council of National Defense; its Secretary

was the Chairman of the President's Mediation Commission; it took steps to bring into existence the United States Employment Service; it performed many helpful functions; but speaking in general terms, the department could not properly be said to be operating on a war basis. It was far from occupying a position of leadership in war labor administration.

There could be no hope that in the absence of administrative agencies dealing competently with labor matters a satisfactory solution would somehow "emerge" because of the "general drift of things" or by force of "public sentiment." The competitive striving of contractors of government production departments, the unrest attendant upon war conditions, and the lack of general knowledge concerning the war program of the government, if indeed such a program existed, made it hopeless to rely upon any "general drift of things." As for "public sentiment" with respect to labor matters, we have in this country unity of opinion neither with respect to the proper goals of industrial relationships and labor control nor with respect to the roads which should be taken to reach those goals. Our industrial history in such matters has been guided by individualistic opportunism. There is no person or group of persons who can speak with an authoritative voice for labor as a whole; no person or group of persons whose findings would be accepted by capital as a whole; no person or group of persons whose leadership would be acknowledged by the public. We drift, and our drifting is attended by suspicions, jealousies, and irritations derived from labor contests of the past. Not only is well-informed public sentiment on labor matters lacking, but also there is in the individual industrial plants a lack of local machinery adequate for carrying out a national labor policy from whatever source such a policy might spring. Shop committees, employment managers, welfare divisions, scientific management, etc., have not been developed to the point where they meet the needs of the case. A survey of the situation would convince the most pronounced advocate of *laissez faire* that his dogma is not applicable to the needs of the case.

Meanwhile, the various production departments of the government were not in a position to accept the situation gracefully.

Results were demanded of them. It was not merely that congressional inquiries loomed in the not-distant future. A more significant fact appeared in the steadily accumulating evidence that paper contracts did not necessarily mean soldiers clothed and fed and equipped for fighting, and that unless effective steps were immediately taken to check the growth of industrial disputes, of labor turnover, and of general demoralization of the productive power of labor, adequate industrial support would not be available for the armies on the western front. In the absence of centralization of production, in default of administrative control of labor in production, in the dearth of sound national sentiment on labor matters which would cause effective utilization of our labor resources to emerge automatically, our production departments saw no course open to them but to take charge of the situation themselves.

Their first actions combined a groping for a national labor policy through a series of agreements with organized labor with the establishment of adjustment commissions to cope with industrial disputes. The names of these commissions with the dates of their development tell much of the story.¹ The list includes: National Committee on Mediation and Conciliation of the Labor Committee of the Council of National Defense; June 19, 1917, Cantonment Adjustment Commission (includes cantonments, aviation fields, and storage facilities; similar arrangement for similar construction by navy); August 15, 1917, Arsenals and Navy Yard Wage Commission; August 24, 1917, Board of Control of Labor Standards in Army Clothing; August 25, 1917, Shipbuilding Labor Adjustment Board; August, 1917, National Adjustment Commission (long-shoremen disputes) with local adjustment commissions; September 19, 1917, President's Mediation Commission; September 26, 1917, Harness and Saddlery Adjustment Commission.

It is not without significance that these production departments deemed it worth while to set up adjustment commissions independent of the Mediation and Conciliation Service of the Department

¹ For a fuller account of the agreements with organized labor and the work of the adjustment commissions, see Louis B. Wehle, "The Adjustment of Labor Disputes in the United States during the War," *Quarterly Journal of Economics*, XXXII (November, 1917), 122; "Labor Problems in the United States during the War," *Quarterly Journal of Economics*, XXXII (February, 1918), 333.

of Labor and that the Department was represented on only two or three of these commissions.¹ Their work has been on the whole well done. They have not been able to act on the basis of any uniform national policy, for no such policy exists. Herein has been the main defect in their work.

There is far more involved in the administration of labor in production than the satisfactory adjustment of industrial disputes. Indeed, an ideal administration of labor would so care for the other elements of the situation as to prevent the emergence of industrial disputes. To cope with these other elements of the situation, the production departments began to establish Industrial Service Sections. The earliest of these was established by the Shipping Board, the second by the Ordnance Department, and similar agencies, though they do not bear the same name, have been established, or are reported to be in process of formation, in the Navy, the Quartermaster Corps, the Construction Division, and the Aircraft Board.²

These Industrial Service Sections represent a correct industrial philosophy in that they are parts of the production departments themselves and can thus deal with conditions of labor, housing, training, etc., from the point of view of war needs and war production. They have themselves, however, felt keenly the difficulties of their situation. The administration of labor is not an ordnance problem, not a quartermaster problem, not a shipping problem—it is a national war problem. Perfect administration within the confines of any one or of all the production departments does not suffice. There remains a need of a centralizing agency which can harmonize all administrative policies, administer labor in production in industries essential to war work although they may not have direct contracts with the government, and care for those aspects of labor administration which are broader than the work of a single production department, such as the procurement and the distribution of the supply of labor, the maintenance of a balance of wage

¹ It is to be said, however, that the Department of Labor co-operated with some of the commissions in the settlement of certain industrial disputes.

² A brief outline of the activities of the Industrial Service Section of the Ordnance Department may be found in Louis B. Wehle, "Labor Problems in the United States during the War," *Quarterly Journal of Economics*, XXXII (February, 1918), 333.

rates, the provision of adequate housing, and the development of sound public sentiment. Early in December the production departments themselves reached the conclusion that their situation with respect to labor control was an intolerable one and that unification must occur. Projects for war labor boards in the Council of National Defense had come to naught. Dinner gatherings of persons in charge of labor administration in the various departments availed little. Leading production officials accordingly sent an informal request to the Council of National Defense that it assume the leadership in bringing about definite unification of labor administration.

III. EVENTS LEADING DIRECTLY TO THE AUTHORIZATION OF A COHERENT LABOR ADMINISTRATION¹

Acting on the informal request of the production departments, the Council of National Defense appointed a so-called Interdepartmental Committee, made up of representatives of the main producing departments. It asked this committee to survey conditions and to recommend a course of action.²

Little time was spent by the committee in a survey of conditions which were notorious. Its major efforts were expended upon an analysis of corrective measures and a consideration of the agency appropriate to conduct a national labor administration. As will be apparent from a reading of its report,³ much progress in thinking had been made since the day of the projected war labor board of

¹ It will be clear that many complex elements were contributing to the movement for unification of labor administration. The following statement tells of certain open or surface activities connected with the authorization of this unification. Underneath the surface were many events and forces which went far to determine the character of the surface actions.

² The membership of the Interdepartmental Committee was made up as follows: Assistant Secretary Franklin D. Roosevelt for the Navy Department; Stanley King for the War Department; Assistant Secretary Louis Post for the Department of Labor; Grant Hamilton for the American Federation of Labor; A. A. Landon for the Aircraft Board; Robert Bass for the Shipping Board; and L. C. Marshall, Chief of the Industrial Service Section of the Council of National Defense. Representatives of other departments were present at some of the meetings in an advisory capacity.

³ See pp. 439-41.

the Council of National Defense.¹ It had become clear that (a) in some manner there must emerge a comprehensive national labor policy, (b) which must be administered on a national scale by a well-rounded labor administration having executive power. With respect to the agency appropriate to carry on this administration, much discussion took place within the committee. The possibilities of the case were numerous, but they narrowed down to four main ones.

There was in the first place the possibility of establishing an agency corresponding to the British Ministry of Munitions, which would bring under one control all the procurement and production activities of the government. Administration of labor in production would in this event—and properly—become a bureau or phase of the Ministry of Munitions. The logic of accepted principles of business administration pointed very definitely to some such solution, as did also successful British experience. It was known, however, that our national administration was definitely, and apparently irrevocably, opposed to such a solution, and it seemed reasonably clear that a proposal for the American equivalent of the British Ministry of Munitions would result solely in bickering and delay.

Passing to the other extreme, there was the possibility of attempting to solve the problem by means of a board or a committee made up of the persons already in administrative charge of labor matters. Both Washington and the country at large, however, had by this time had a surfeit of boards, and the proposal of a war labor board of this type received scant consideration.

A third possibility lay in an extension of the powers of the Department of Labor. In this department the nucleus of an administrative agency was already in existence, one that had the confidence of both organized and unorganized labor of the entire country. It could be urged against this solution, however, that the Department of Labor was not in close touch with production activities and that it was viewed with some suspicion by a considerable section of the business community. Some question arose also concerning the wisdom of having the later years of peace administration of the

¹ See p. 431.

department prejudiced by an association with the jealousies, strains, and possible failures of war administration.

The fourth possibility was that of a separate war labor administration, comparable to the food and fuel administrations. This solution received the approval of those who felt that it would increase the confidence of the business world if the administration were divorced from the Department of Labor. It seemed probable, however, that this gain would be more than offset by the loss resulting from the disapproval of labor. Furthermore, the President's sense of loyalty to his subordinates and his known attitude on labor matters made it seem probable that he would insist on the war labor administration being in the hands of the Department of Labor.

The report of the committee as finally made, on December 20, 1917, to the Council of National Defense is worth reproducing in full.

A

Your Committee is of the opinion that the present method of dealing with labor problems which arise in connection with the Government's war activities is not satisfactory; and for the following reasons:

1. At present each department of the Government is, with a few exceptions, dealing with its own labor problems irrespective of what is done by other departments. As a result (a) there is much duplication of effort; (b) there is no uniformity of policy or procedure; (c) there is much conflicting action.
2. Each department competes against all other departments for essential skilled labor. Contractors and sub-contractors engaged on Government work are using every means at their command to draw essential skilled labor away from one another. By this means labor turnover is multiplied and men are kept moving from job to job in certain industries for higher pay.
3. There is as yet no adequate system for dealing promptly and uniformly on a nationwide basis with labor disputes affecting war work. The result is an increasing labor unrest.
4. To allow this situation to continue will, in our opinion, diminish the country's production and eventually paralyze industry.

B

Your Committee is of the opinion that action should be taken along the following lines:

1. In order to allay industrial unrest and to create a spirit of real co-operation between labor and capital during the war, it is essential that excessive war profits be wholly eliminated; and that the Government's policy in regard

thereto be sufficiently uniform so that the wage-earner can be satisfied that profiteering no longer exists.

2. A series of understandings concerning certain underlying principles affecting labor should be arrived at between representatives of employers, employees, and the Government. The following are some of the questions which should be considered in such conferences: basis for wage determination, strikes and lockouts, piece work prices and price fixing, method of eliminating improper restrictions on output of war material from whatever cause; practice to govern dilution of labor, discrimination against union and non-union men, admission of union agents to plants, method of promptly adjusting disputes at their source through boards containing equal representation of employers and employees, right of workmen to organize.

3. A coherent labor administration in accordance with principles to be determined as set forth above should be established to deal with all labor problems arising in connection with war work. The following functions would need to be covered:

a) A means of furnishing an adequate and stable supply of labor to war industries. This would embrace (1) a satisfactory system of labor exchanges, (2) a satisfactory method and administration of training workers, (3) an agency for determining priorities of labor demand, (4) agencies for dilution of skilled labor as and when needed.

b) Machinery which will provide for the immediate and equitable adjustment of disputes in accordance with the principles to be agreed upon between labor and capital and without stoppage of work. Such machinery would deal with demands concerning wages, hours, shop conditions, etc.

c) Machinery for safeguarding conditions of labor in the production of war essentials. This to include industrial hygiene, safety, woman and child labor, etc.

d) Machinery for safeguarding conditions of living, including housing, transportation, etc.

e) Fact-gathering body to assemble and present data collected through various existing Governmental agencies or by independent research to furnish the information necessary for effective executive action.

f) Publicity and Educational Division which has the function of developing sound public sentiment, securing an exchange of information between departments of labor administration, and promotion in industrial plants of local machinery helpful in carrying out the National Labor Program.

C

There is as yet no consensus of opinion as to what means or agency shall be used to secure this coherent labor administration. The following are the outstanding suggestions:

1. A co-ordinating war labor board, either under or divorced from the Council of National Defense, to which the various existing agencies shall

delegate powers. This seems to your committee too loose an organization to meet the emergency.

2. A very great extension of the activities of the Department of Labor.

3. The establishment of a department of production, which, along with its other duties, would take charge of the appropriate aspects of labor administration. Such a department would co-operate with the Department of Labor in securing coherent administration of the whole problem.

As effective action in dealing with labor problems is vital to the success of the war activities of all the Government Departments, we believe that this fundamental issue concerning the appropriate agency should be determined by our responsible leaders in war activities.

Action on the report of the committee was deferred by the Council of National Defense until the return of the Secretary of Labor who was at that time in the West with the President's Mediation Commission. On January 3, 1918, the report of the committee was taken up by the Council with the Secretary of Labor present, and the Secretary of War, the presiding officer of the Council, was instructed to present the matter to the President of the United States for his favorable consideration. The President approved the program, and on January 4 asked the Secretary of Labor to take steps to organize a war labor administration along the lines of the six functions mentioned in the report. (See page 440.)

Responsibility had at last been located. It remained to be seen whether the coherent labor administration authorized by the President would be linked properly with the administration of production. It remained to be seen whether an organization could be evolved which would really enable the Department of Labor to "deal with all labor problems arising in connection with war work." None the less, the highest executive authority had taken the question of labor administration under consideration, had decided that unification was necessary, and had designated the agency to bring about this unification. From this time forth responsibility for lack of unification could be placed definitely at the door of the Secretary of Labor. He was called upon to provide the coherent labor administration. If he could not provide it, he must make clear the forces preventing his doing so in order that the Chief Executive might seek other solutions for the difficulties.

IV. THE WORK OF THE ADVISORY COUNCIL TO THE SECRETARY OF LABOR

The Secretary of Labor at once took up the matters intrusted to his care. He called to his assistance an Advisory Council, which he requested to suggest plans and personnel for organizing the new work.¹ A very brief survey of the situation convinced the Council that the nation required (*a*) a definite national labor program (*b*) which could be executed through effective mechanisms in industrial plants (*c*) on the basis of sound public sentiment (*d*) by an efficient labor administration. The two essential features of this requirement were the definite national labor policy and an efficient labor administration. Given these, the other elements might reasonably be expected to be called into existence. Lacking these, everything was lacking.

A definite national labor program was a difficult thing to provide. Bits which might be used in formulating such a program appeared in various resolutions of the Council of National Defense; in various agreements between departments of government and organized labor; in various pronouncements such as that of the American Federation of Labor at its Buffalo meeting, or that of the National Industrial Conference Board presented to the Council of National Defense on September 8, 1917, or that of the Chamber of Commerce of the United States of America which appeared on February 19, 1918; and in various statements of standards such as that of the Woman's Trade Union League, or that of the Ordnance Department in its General Orders Number 13, or that of the Woman's Committee of the Council of National Defense. These could all be checked with the programs and pronouncements flowing from the English experience. The total was, however, far short of definiteness and far short of being national in character, and little could be hoped for through a process of natural evolution. The leading parties in the situation—labor and capital—do not

¹ The membership of the Advisory Council was made up as follows: John Lind, chairman, and representative of the public; Waddill Catchings, representative of employers; John J. Casey, representative of employees; A. A. Landon, representative of employers; John B. Lennon, representative of employees; Agnes Nestor, representative of women; and L. C. Marshall, economist and executive secretary of the Council.

even know clearly their own minds concerning what is desirable as a definite national labor program. As for the general public, unformed sentiment and even ignorance on almost all labor matters are the rule.

In view of this situation it seemed to the Advisory Council that its first task was that of providing, as well as might be, for the emergence of a national labor policy which would have the possibilities of being acceptable to labor, capital, and the public. On January 19, three days after they began their work, the Council presented to the Secretary of Labor the following memorandum:

The Advisory Council recommends to the Secretary of Labor that he call a conference of twelve persons representing employers' organizations, employees' organizations, and the public, for the purpose of negotiating agreements for the period of the war, having in view the establishment of principles and policies which will enable the prosecution of production without stoppage of work.

The Advisory Council recommends that this conference body of twelve be composed as follows: Employers' organizations, as represented by the National Industrial Conference Board, are to name five employers, and these five are to select a person representing the general public. Employees' organizations, as represented by the American Federation of Labor, are to name five representatives of labor, and these five are to select another representative of the general public.

The Secretary approved this memorandum, issued an appropriate call, and brought into being the War Labor Conference Board,¹ the result of whose deliberations is presented on pages 444-47.

The Secretary also approved a later recommendation of his Advisory Council in which it pointed out that a labor policy must be a growing thing, changing with the requirements of various situations, meeting the needs not merely of war but also of the reconstruction period; and in which it urged the selection of a person who, in co-operation with the Secretary of Labor, would

¹ The original selection of the personnel of the Labor Conference Board was as follows: Representatives of employers: Charles F. Brooker, L. F. Loree, C. Edwin Michael, Loyall A. Osborne, W. H. Van Dervoort; representatives of employees: J. A. Franklin, Frank J. Hayes, William L. Hutcheson, Victor Olander, T. A. Rickert. (Later, Mr. Brooker's place was taken by B. L. Worden, and Mr. Franklin's by William Johnston whose place was in turn taken by Thomas J. Savage.) The representatives from the general public chosen by these two groups were William H. Taft and Frank P. Walsh.

serve as a planning agency in formulating and steadily developing the national labor program. The Council pointed out that such a person should be an investigator, with ability to administer investigations, who had a vision of the service the Department of Labor might render in leading the way to a new order in industrial relationships.

The War Labor Conference Board began its sessions on February 25. Its activities were somewhat intermittent and on March 29 it made its report to the Secretary of Labor. This report, which is of course comparable, so far as American conditions made it comparable, with the English Treasury Agreement, follows in full.

The Commission of representatives of employers and workers, selected in accord with the suggestion of your letter of January 28, 1918, to aid in the formulation, in the present emergency, of a national labor program, present to you, as a result of their conferences, the following:

a) That there be created, for the period of the war, a National War Labor Board of the same number and to be selected in the same manner and by the same agencies as the commission making this recommendation.

b) That the functions and powers of the National Board shall be as follows:

1. To bring about a settlement, by mediation and conciliation, of every controversy arising between employers and workers in the field of production necessary for the effective conduct of the war.

2. To do the same thing in similar controversies in other fields of national activity, delays and obstructions in which may, in the opinion of the National Board, affect detrimentally such production.

3. To provide such machinery by direct appointment, or otherwise, for selection of committees or boards to sit in various parts of the country where controversies arise, to secure settlement by local mediation and conciliation.

4. To summon the parties to the controversy for hearing and action by the National Board in case of failure to secure settlement by local mediation and conciliation.

c) If the sincere and determined effort of the National Board shall fail to bring about a voluntary settlement, and the members of the Board shall be unable unanimously to agree upon a decision, then and in that case, and only as a last resort, an umpire appointed in the manner provided in the next paragraph shall hear and finally decide the controversy under simple rules of procedure prescribed by the National Board.

d) The members of the National Board shall choose the umpire by unanimous vote. Failing such choice, the name of the umpire shall be drawn by lot from a list of ten suitable and disinterested persons to be nominated for the purpose by the President of the United States.

e) The National Board shall hold its regular meetings in the city of Washington, with power to meet at any other place convenient for the Board and the occasion.

f) The National Board may alter its methods and practice in settlement of controversies hereunder, from time to time as experience may suggest.

g) The National Board shall refuse to take cognizance of a controversy between employer and workers in any field of industrial or other activity where there is by agreement or Federal Law a means of settlement which has not been invoked.

h) The place of each member of the National Board unavoidably detained from attending one or more of its sessions may be filled by a substitute to be named by such member as his regular substitute. The substitute shall have the same representative character as his principal.

i) The National Board shall have power to appoint a secretary and to create such other clerical organization under it as may be in its judgment necessary for the discharge of its duties.

j) The National Board may apply to the Secretary of Labor for authority to use the machinery of the Department in its work of conciliation and mediation.

k) The action of the National Board may be invoked in respect to controversies within its jurisdiction by the Secretary of Labor or by either side in a controversy or its duly authorized representative. The Board, after summary consideration, may refuse further hearing if the case is not of such character or importance as to justify it.

l) In the appointment of committees of its own members to act for the Board in general or local matters, and in the creation of local committees, the employers and the workers shall be equally represented.

m) The representatives of the public in the Board shall preside alternately at successive sessions of the Board or as agreed upon.

n) The Board in its mediating and conciliatory action, and the umpire in his consideration of a controversy, shall be governed by the following principles:

PRINCIPLES AND POLICIES TO GOVERN RELATIONS BETWEEN WORKERS AND EMPLOYERS IN WAR INDUSTRIES FOR THE DURATION OF THE WAR

There should be no strikes or lockouts during the war

Right to organize.—1. The right of workers to organize in trade unions and to bargain collectively, through chosen representatives, is recognized and affirmed. This right shall not be denied, abridged, or interfered with by the employers in any manner whatsoever.

2. The right of employers to organize in associations of groups and to bargain collectively, through chosen representatives, is recognized and affirmed. This right shall not be denied, abridged, or interfered with by the workers in any manner whatsoever.

3. Employers should not discharge workers for membership in trade unions, nor for legitimate trade union activities.

4. The workers, in the exercise of their right to organize, shall not use coercive measures of any kind to induce persons to join their organizations, nor to induce employers to bargain or deal therewith.

Existing conditions.—1. In establishments where the union shop exists the same shall continue and the union standards as to wages, hours of labor, and other conditions of employment shall be maintained.

2. In establishments where union and non-union men and women now work together, and the employer meets only with employees or representatives engaged in said establishments, the continuance of such condition shall not be deemed a grievance. This declaration, however, is not intended in any manner to deny the right, or discourage the practice of the formation of labor unions, or the joining of the same by the workers in said establishments, as guaranteed in the last paragraph, nor to prevent the War Labor Board from urging, or any umpire from granting, under the machinery herein provided, improvement of their situation in the matter of wages, hours of labor, or other conditions, as shall be found desirable from time to time.

3. Established safeguards and regulations for the protection of the health and safety of workers shall not be relaxed.

Women in industry.—If it shall become necessary to employ women on work ordinarily performed by men, they must be allowed equal pay for equal work and must not be allotted tasks disproportionate to their strength.

Hours of labor.—The basic eight-hour day is recognized as applying in all cases in which existing law requires it. In all other cases the question of hours of labor shall be settled with due regard to governmental necessities and the welfare, health, and proper comfort of the workers.

Maximum production.—The maximum production of all war industries should be maintained and methods of work and operation on the part of employers or workers which operate to delay or limit production, or which have a tendency to artificially increase the cost thereof, should be discouraged.

Mobilization of labor.—For the purpose of mobilizing the labor supply with a view to its rapid and effective distribution, a permanent list of the number of skilled and other workers available in different parts of the nation shall be kept on file by the Department of Labor, the information to be constantly furnished, (1) by trade unions; (2) by state employment bureaus and federal agencies of like character; (3) by the managers and operators of industrial establishments throughout the country. These agencies should be given opportunity to aid in the distribution of labor, as necessity demands.

Custom of localities.—In fixing wages, hours, and conditions of labor regard should always be had to the labor standards, wage scales, and other conditions prevailing in the localities affected.

The living wage.—1. The right of all workers, including common laborers, to a living wage is hereby declared.

2. In fixing wages, minimum rates of pay shall be established which will insure the subsistence of the worker and his family in health and reasonable comfort.

This report breathes in every paragraph an understanding of the fact that the issues at stake are not vague. They are definite issues of industrial relationships, labor productivity, and labor safeguards in war production. Its statement of principles and policies to govern industrial relationships may well become the nucleus from which will emerge a comprehensive national labor program, supported according to the needs of the case by public sentiment or by specific legislation. The administrative mechanism it provides was, by intent, limited to but one phase of labor administration—that of settlement of industrial disputes.¹

“Will it work?” is the question in everyone’s mind. Of course no definite answer can now be forthcoming. The problem of the personnel of the Board has already been satisfactorily met. On April 9 the President of the United States issued a proclamation appointing to the Board the same twelve persons who framed the report. The proclamation follows the recommendations of the report and urges—

upon all employers and employees within the United States the necessity of utilizing the means and methods thus provided for the adjustment of all industrial disputes, and request that during the pendency of mediation or arbitration through the said means and methods there shall be no discontinuance of industrial operations which would result in curtailment of the production of war necessities.

This, of course, gives the War Labor Board the highest sanction it could receive short of a specific act of Congress. Properly supported by the other elements of the war labor administration² the Board should be able to accomplish the tasks before it.

Turning now to the other features of the war labor administration, in memoranda dated January 17 and 19, the Advisory Council

¹ As appears later, p. 448, in drawing the outlines of the national labor administration, the Advisory Council made specific provision for the Adjustment Service to be operated according to the conditions of the forthcoming report of the War Labor Conference Board.

² The War Labor Board is, of course, really a phase of the Adjustment Service of the new war labor administration.

presented to the Secretary of Labor recommendations (which he approved) that he appoint "as soon as it might prove feasible," directors of the following divisions¹ of the work:

A. An Adjustment Service which will have to do with the adjustment of industrial disputes according to policies and principles arrived at through the deliberations of the War Labor Conference Board.

B. A Conditions of Labor Service which will have charge of the administration of conditions of labor within business plants.

C. An Information and Education Service which will devote itself to the establishment of sound sentiment among both employers and employees and to the establishment in individual plants of the local machinery [e.g., employment management] and policies necessary for the successful operation of a National Labor Program.

D. A Woman in Industry Service which will meet the problems connected with the more rapid introduction of women into industry as a result of war conditions.

E. A Training and Dilution Service which will administer such training and dilution policies as may be agreed upon.

F. A Housing and Transportation of Workers Service whose duty it will be to provide the housing facilities to meet the nation's needs.²

G. A Personnel Service whose duties it shall be to assemble and classify information concerning appropriate candidates for positions in the war labor administration and make recommendations for appointment.

¹ The United States Employment Service had been established before the Advisory Council began its work.

² On January 17 the Advisory Council presented to the Secretary a revised draft of an appropriation bill of one hundred million dollars to provide the necessary housing. The complete story of our war housing difficulties would justify an article in itself. In the late summer of 1917 it became clear that national assistance must be given local communities in housing matters. A Committee of the Council of National Defense, its leaders being Philip Hiss and Otto M. Eidlitz, made careful inquiries into the situation and performed services which have earned the nation's gratitude. Although there could be no question that action must be taken by the central government, matters dragged on at interminable length. The production departments found that in the main their appropriations did not permit the use of funds for houses. Messrs. Hiss and Eidlitz were referred from bureau to bureau, from department to department. The President's order of January 4 told the Secretary of Labor to administer housing matters. Because of various bits of meddling, the Secretary's hands were tied for weeks and even for months. At the time of writing, an appropriation bill of fifty million dollars has been passed for the building of houses for the Shipping Board. Another appropriation bill of fifty million dollars to provide housing needed to meet the requirements of the War Department and the Navy Department has passed the House of Representatives and seems almost certain to pass the Senate. A conference held in the office of the Secretary of Labor on January 30, at which the

H. A Division for the Investigation of Special Problems,¹ which would be a part of the Secretary's office force and would conduct investigations in the placing of contracts, in priority of labor demand, in powers of the Department, in problems of reconstruction, and would assist in formulating the national labor policy.²

I. An Investigation and Inspection Service to provide the field force of examiners and inspectors required by the other services.

As has been said repeatedly, a war labor administration which would be divorced from production would accomplish little or nothing. The Advisory Council accordingly took up as its next task the relating of the central war labor administration to the various production departments of government. On January 22 it sent to the Secretary of Labor a memorandum which he approved on the organization and administration of the new work. This memorandum, after reviewing the recommendations already made with respect to the establishment of new services under the jurisdiction of the Secretary of Labor, continued as follows:

Your Advisory Council now recommends that the services which are approved be organized on the assumption of (a) the continuance of such agencies as the Industrial Service Sections of the Bureau of Ordnance, of the Shipping Board, of the Quartermaster Corps, and of such other bureaus as may be led to set up satisfactory Industrial Service Sections, (b) the utilization of their facilities, (c) the centralization of their activities in controlling bureaus of the Department of Labor.

Secretary of War, the Secretary of the Navy, the Secretary of Labor, the Chairman of the Shipping Board, Assistant Secretary of the Navy Roosevelt, General Manager of the Shipping Board Piez, Assistant to the Secretary of War King, Senator Fletcher, and Congressman Alexander were present, arrived at an agreement that the Shipping Board was to proceed as rapidly as might be in providing housing for its employees; that in perfecting its plans a representative of the War Department, the Navy Department, and the Labor Department would act in an advisory capacity with representatives of the Shipping Board; that they should all proceed with the object in mind of having the housing problem ultimately administered through the Department of Labor in consultation with the War Department, Navy Department, and Shipping Board. On February 6 the Secretary of Labor appointed Otto M. Eidlitz Director of the Housing and Transportation of Workers Service.

¹ This division of the work was formulated in memoranda dated January 19, February 21, and March 4.

² The investigator, mentioned earlier, who was to co-operate with the Secretary of Labor in formulating and steadily developing the national labor program was cited as an appropriate person to be in charge of the Division for the Investigation of Special Problems.

This recommendation is so fundamental in character that it is fitting that there be presented for your consideration (a) a general view of the organization which would result from the adoption of such a plan, and (b) the reasons why your Advisory Council believes that it should be adopted.

A general view of the organization which would result from the adoption of such a plan may be seen in the accompanying organization chart which is of course a schematic presentation and not one covering all details. The chart shows:

A. That administration is centralized under the Secretary of Labor, who would for this purpose have his "policies board" made up (according to the character of the problem up for discussion) of his Advisory Council, of the heads of the Industrial Service Sections of other departments, and of the heads of the bureaus within his own department.

B. That the Industrial Service Sections of other departments are to be organized (according to their needs) on the same general scheme that governs the organization of the new labor administration. This is, generally speaking, already true, with mere differences of terminology used, in those Industrial Service Sections which are already under way.

C. That the chiefs of the various subsections of the Industrial Service Sections of other departments clear their activities through the appropriate bureau head of the Department of Labor. They will thus become chiefs of sections under these bureau heads, and, together with such other chiefs as it may be necessary to appoint, will form the "policies board" of the particular bureau head affected.

Your Advisory Council believes that this organization scheme providing for connections with existing Industrial Service Sections in other departments should be adopted for the following reasons:

A. It will be possible to get under way with the new administration much more rapidly if existing agencies are utilized than it will be if they are supplanted. Promptness in getting under way is desirable both as a means of deserving the confidence of other departments of government, and as a means of facilitating the successful conduct of the war.

B. The departments of government which have set up or which may set up Industrial Service Sections have entered into contracts with various firms. In many cases these contracts are so drawn as to give these departments a very considerable control of the conduct of the plants. This is particularly significant in the case of labor matters. More efficient action in dealing with these firms on labor matters can, of course, be secured by the contracting department than by some other department.

C. These Industrial Service Sections are rapidly acquiring an efficient personnel. It is not too much to say that they are combing the country for the best men in certain lines. It will be much easier to retain this personnel in the existing organization than it will be to transfer it to another, and the personnel problem is a very serious one in labor administration.

OUTLINE PRESENTATION OF THE ORGANIZATION OF THE WAR LABOR ADMINISTRATION. THE CHART PRESENTS
OF LABOR WHICH ARE DIRECTLY CONCERNED WITH WAR ADMINISTRATION OF LABOR MATTERS. THE CHART
DEPARTMENT OF LABOR WITH DECENTRALIZATION OF EXECUTION BY AGENCIES IN IMMEDIATE

The Secretary of Labor

Policies Board composed of his chief
administrators and of heads of labor
work in other departments.

Adjustment
Service
Chief

Housing and
Transportation
of Workers
Service Chief

Conditions of
Labor Service
Chief

Information
and Education
Service Chief

Policies Board of
Section Chiefs

Policies Board of
Section Chiefs

Policies Board of
Section Chiefs

Policies Board of
Section Chiefs

The bureaus below will
organize only the serv-
ices necessary to their
work.

Ordnance
Labor Head

Adjustment Service
Housing and Transportation
of Workers Service
Conditions of Labor Service
Information and Education Service
Woman in Industry Service
Training and Dilution Service
Employment Service

Quartermaster
Labor Head

Adjustment Service
Housing and Transportation
of Workers Service
Conditions of Labor Service
Information and Education Service
Woman in Industry Service
Training and Dilution Service
Employment Service

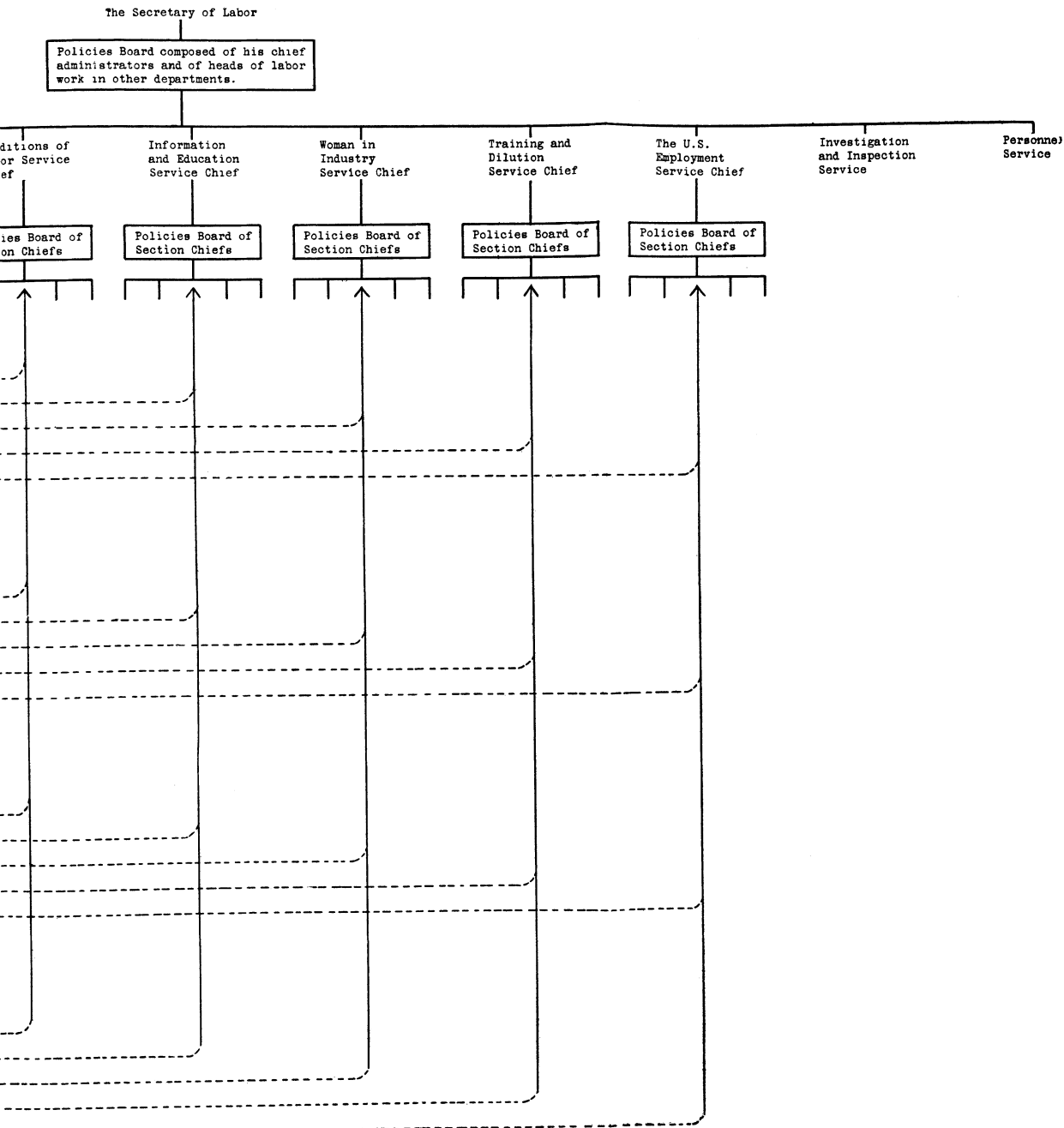
Navy
Labor Head

Adjustment Service
Housing and Transportation
of Workers Service
Conditions of Labor Service
Information and Education Service
Woman in Industry Service
Training and Dilution Service
Employment Service

Shipping Board
Labor Head

Adjustment Service
Housing and Transportation
of Workers Service
Conditions of Labor Service
Information and Education Service
Woman in Industry Service
Training and Dilution Service
Employment Service

WAR LABOR ADMINISTRATION. THE CHART PRESENTS ONLY THOSE PARTS OF THE ORGANIZATION OF THE DEPARTMENT
H WAR ADMINISTRATION OF LABOR MATTERS. THE CHART PROVIDES FOR CENTRALIZATION OF CONTROL IN THE
RALIZATION OF EXECUTION BY AGENCIES IN IMMEDIATE CONTACT WITH THE PROBLEMS AT ISSUE.



D. It will be much easier to secure appropriations for the new labor administration through Congress on the basis of correlation of existing agencies than it will be on the basis of an absolutely new start. Army, Navy, and Shipping have, within reason, unlimited funds, which can be applied for this purpose. For example, the Ordnance Bureau alone expects to have between 300 and 400 employees in its Industrial Service Section. If these other departments will carry the expenses involved in their Industrial Service Sections, it will make possible a request from Congress for a much smaller sum than would be necessary if everything were to be *merged* in the Department of Labor.

E. Quite aside from their Industrial Service Sections, as such, these other departments have in their inspection forces a large personnel which can be used, and indeed is being used, in labor administration. These inspection staffs could not be used to as good advantage if the administration of labor were divorced from the administration of production.

F. The system of control charts established by such bureaus as Ordnance furnishes accurate data on which administrative action may be taken, in that these charts make possible the determination of the precise character of difficulties which arise in industrial plants. It is not too much to say that very heavy expenditures by an agency outside of these production departments could not secure as accurate information concerning conditions as can be secured in ordinary administrative routine within the production department itself. This is only another way of emphasizing the fact that we must think, not in vague terms of "labor," but in terms of "labor in production."

G. The plan proposed accords with generally approved theories of business administration. It secures the necessary *centralization of control* together with the wise *decentralization of administration* by agencies *which come into direct touch with the problems at issue*.

H. The plan in no way limits the freedom of the Department of Labor to set up such supplementary agencies as may be necessary. There will accordingly result a well-rounded administration and not a piecemeal administration.

I. The plan definitely locates responsibility and power of decision. These rest with the Secretary of Labor. The various activities of the Industrial Service Sections of other departments are cleared through the bureau heads of the Department of Labor.

J. The plan is flexible in character. If, as time goes on, it should appear that these sections should lose their identity and thus become *merged* in an administration under the Department of Labor, there is nothing to prevent such action being taken. On the contrary, fusion would have been facilitated by a period of team work.

Little comment is necessary concerning this memorandum. It is frankly a compromise, frankly an attempt to secure under conditions laid down by the American situation the kind of administration of labor in war production which was secured so simply and

directly in the British Ministry of Munitions.¹ The compromise cannot, however, properly be called a makeshift. It knits together in the Policies Board of the Secretary of Labor all persons responsible for war labor administration and thus secures administration in all production departments on the basis of uniformity of policy.

Having thus blocked out the essential features of the new war labor administration and its connection with the production departments of government, the Advisory Council turned to (a) a consideration of the securing of funds to carry on the work; (b) a canvass of competent personnel; (c) a detailed consideration of some of the more important services, particularly the United States Employment Service; and (d) a study of the relationship of the new war labor administration to various other agencies of government, such as the committees and sections on labor of the Council of National Defense, the United States Employees' Compensation Commission, the Committee on Education and Special Training of the War Department, the War Service Exchange, and the Federal Board for Vocational Education.

The securing of funds was of course of most pressing importance. It involved by way of preliminary work (a) a survey of the problems which would have to be met by each service, (b) a study of the plan of organization which would make it probable that the service could meet these problems successfully, (c) the preparation of organization charts for the various services, and (d) an estimate of the personnel required and of the expense involved. These matters were canvassed as rapidly as might be, experts in the various fields being called into conference for counsel and criticism. It seemed to the Council that in view of the pressing character of the emergency, it would be proper for the President of the United States to grant from his emergency fund money sufficient to initiate the various services and to maintain them until Congress should have provided the funds for their continuance. This did not seem to the President expedient. It became necessary, therefore, to proceed on the basis of securing the funds by new Congressional appropriation. It was February 8 before the Advisory Council

¹ It is not to be inferred from this statement that the administration of labor in production has escaped serious difficulties in England.

was able to lay before the Secretary of Labor a draft of a letter to be sent to the Secretary of the Treasury transmitting estimates for the appropriations needed for the rest of the fiscal year 1918, and for the fiscal year 1919. After further study and revision, these estimates were sent to the Secretary of the Treasury and by him transmitted on February 15 to the Speaker of the House of Representatives. The sums asked for were exceedingly modest, the Council reasoning that Congress would be more or less continuously in session and that a modest initial appropriation would enable the installation of the new services. Congress could later provide for them according to their demonstrated merit. There was no request made for funds for the United States Employment Service. That service had been provided for up to July 1 by a congressional appropriation and by a special grant from the President's emergency fund. There was no request for funds in connection with the Housing and Transportation of Workers Service since a special bill was pending on housing matters. Excluding these services, the amounts requested were as follows:

	For Remainder of Fiscal Year 1918	For Fiscal Year 1919
Commissioners of conciliation.....	\$100,000.00	\$ 400,000.00
Working conditions service.....	17,366.00	52,100.00
Information and education service.....	94,233.00	282,700.00
Woman in industry service.....	16,450.00	49,350.00
Investigation and inspection service.....	125,416.00	376,250.00
Personnel service.....	9,800.00	29,400.00
Training and dilution service.....	66,100.00	198,300.00
Salaries in the Secretary's office.....	41,086.64	123,260.00
Contingent expenses.....	11,250.00	33,750.00
Rental of quarters in District of Columbia....	3,750.00	11,250.00
	<hr/> \$485,451.64	<hr/> \$1,556,360.00

The Council next took under advisement the problem of the selection of the chiefs of the new services. The selection of the personnel of the United States Employment Service had occurred before the Advisory Council had been called into existence. A canvass of suggestions for the Director of Housing and Transportation of Workers Service had occurred in the early stages of the work of the Advisory Council. In arriving at names to present in

connection with the other services, the Council sent some 160 letters of inquiry to persons representing many occupations, interests, and shades of opinion. The replies to these letters, together with the results from other inquiries, brought before it some 700 names. From these names, a group of five or six was recommended for favorable consideration in connection with each service, with this comment:

The Advisory Council suggests that in considering the personnel herein presented it is desirable to keep in mind the ultimate goal of having a well-rounded, well-balanced policies board under you in the new labor administration. It seems to us desirable that the policies board should include a member who is skilled in production and production policies, a member who represents labor, and a member who is reasonably conversant with war activities in other departments. It is of course possible that one person may meet two of these specifications.

Every chief of your new services should, of course, be a person who will be recognized the country over as an able administrator, with a sane, well-balanced outlook on industrial problems.

There is of course no final assurance that the Secretary of Labor will confine his selection of chiefs to the lists submitted. His Council was called into existence on his own initiative and its functions were purely advisory. It is reasonable to suppose that he will give careful attention to a list of names which has been so carefully made up.

At the same time that it submitted its recommendations on personnel, the Advisory Council also recommended that several services, specifically the Personnel Service, the Conditions of Labor Service, the Woman in Industry Service, and the Information and Education Service, be initiated without waiting for Congress to provide the funds to set up the services in full, arguing that it was desirable that the chiefs of these services should be given opportunity to study the character of the problems involved, and to perform preliminary work involved in the organization of the services, so that the work might proceed at top speed immediately upon favorable congressional action.

The United States Employment Service was already in existence and its leading personnel appointed at the time the Advisory Council began its work. This service had already had placed at its disposal for the fiscal year 1918, \$250,000 by congressional appro-

priation, and \$850,000 by special grant from the President's emergency fund. It later received an appropriation of \$250,000 as a "rotary fund" for the transportation of workers. This is not an appropriate time or place to review in detail the organization and development of this service. Distinctly unsatisfactory features were connected with its organization and administration—features which caused disquiet, not only among the members of Congress, but also among the officials connected with employment agency work of the various states. The situation as it stands at the present moment may be summarized as follows:

The service seems likely to avoid failure and even achieve reasonable success, the lack of a real scarcity of labor operating powerfully to the advantage of the service. The Secretary of Labor has laid down as the program on which the service is to guide its development the general principle that the ultimate object should be to make the state the administrative unit with federal supervision and aid, but that the present emergency cannot await the slow processes of legislative action in forty-eight different states. The service is, accordingly, making co-operative arrangements with the employment agency work of the various states when such co-operative arrangements are possible, and is opening up offices of its own where such action is considered necessary. A bill whose general principles have been found acceptable by the Secretary of Labor, by organized labor, and by public employment agency officials the country over, has been introduced into Congress. Its fundamental aim is that of providing a federated national system of employment exchanges, operated by the states under a form of federal aid and supervision comparable to the system which now obtains in the realm of vocational education. Many bridges remain to be crossed before the goal is reached. We may reasonably expect, however, that it is not many years, perhaps not many months, distant. When it has been reached, a great gain will have been made in the sadly needed organization of the labor market of this country.

Little need be said concerning the relationships of the new labor administration to the outside agencies previously mentioned.¹ Conferences which the Council held with these outside agencies

¹ See p. 452.

made it abundantly clear that there was small probability of friction arising, or, stated positively, that there was every reason to suppose that a division of labor which was satisfactory to all could readily be worked out. The committees and sections on labor of the Council of National Defense constituted the most puzzling problem. These agencies had done excellent work, but the question arose whether the continuance of advisory agencies was advisable after an executive mechanism had been provided. The decision finally reached was that an appropriate solution of this matter could be made only after the new war labor administration had become an actuality through receiving adequate appropriations from Congress.

On March 5, the Council presented to the Secretary its final memorandum, dated March 4, the significant recommendation of which, aside from those already covered, was as follows:

A departmental agency fitted to furnish the driving force which will secure efficient execution of the war labor administration should be provided. It is clear that the Secretary is already overburdened with the regular administration of the department, and the Advisory Council feels strongly that the Secretary should himself continue to administer the adjustment work, which will presumably increase in scope and in demands on the Secretary's time. Unless an able administrator can be found who will give his full time to the general supervision (under the Secretary) of these war labor matters, it is the judgment of your Advisory Council that the venture will not achieve its full measure of success.

The person to assume this responsibility must have, above all, vision and administrative capacity. Possessing these, the other attributes will follow as a matter of course. He must be able to command the respect of the members of the Policies Board and must be willing to assume responsibility and authority. His position will be an impossible one except with the most cordial support of the Secretary. For, without formal title, he would be asked to perform under the Secretary the duties of a War Labor Administrator.

V. THE OUTLOOK FOR THE FUTURE

The course of events up to March 5 might very naturally lead one to conclude that within two or three weeks' time a unified labor administration would come into actual operation. As a matter of fact, nothing of the sort happened and the situation as it stands at the time of writing is both curious and uncertain. The probabilities are that the final outcome will be in substantial accord

with the progress of events described in the foregoing pages. He would be a bold prophet, however, who would definitely predict such an outcome.

From the point of view of the Secretary of Labor, the matter probably resolves itself into two main considerations: First, will he be able to secure from Congress the funds necessary to carry on the war labor administration; second, will he be able to organize under his jurisdiction an effective administration and be able satisfactorily to correlate it with the Industrial Service Sections now operating in the production departments? On both of these points he must have his misgivings, but certain considerations indicate a successful outcome if he assumes a position of vigorous and efficient leadership.

Notwithstanding the fact that the appropriation bill has slumbered peacefully in Congress for two months, it is difficult to believe that the necessary funds will not be forthcoming. There is no denying the existence of an undercurrent of ugly feeling in congressional circles over the entire labor situation. Such a feeling could easily develop out of the memories of labor controversies of the past, the lack of well-informed public sentiment on labor matters, the very real demoralization of labor which has occurred in some cases, and the grossly misleading reports which have been circulated concerning labor difficulties.¹ There is also no denying that requests coming from the Department of Labor are viewed by a considerable section of Congress with misgivings, if not with actual hostility. This section cannot down its fears that the Department of Labor will be more concerned with labor welfare and "uplift" than it will be with the best utilization of our national resources by a sound administration of labor in production.² This

¹ One illustration of such reports is seen in the wide publicity that was recently given of an alleged strike of 65,000 shipyard workers on the Atlantic coast. The largest number out at any time during this difficulty was 1,600 and there was little or no danger that the difficulty would spread, thanks to a very sane attitude on the part of the great mass of the workers.

² If the members of Congress who share this feeling could come into intimate contact with the Secretary of Labor, their feeling would doubtless disappear. It would not be easy to find a man of more judicial temperament or of greater determination to safeguard the interests of the nation as opposed to the interests of any class.

section alleges that requests made by the Department of Labor in the past have not been properly supported with reasons why they should be granted and it further alleges that the administration of the Department has been wasteful and ineffective. It is not clear that these allegations are the real substance of the difficulty. They savor of being excuses rather than substantial reasons. It is, furthermore, not clear that the attitude of this group properly reflects the attitude of Congress as a whole.

Congress cannot avoid being influenced by the fact that the request for a war labor administration administered by the Secretary of Labor did not emanate from the Secretary.¹ The issue was raised originally by the production departments, the Council of National Defense recommended that the coherent labor administration be under the charge of the Secretary of Labor, and the President of the United States issued an order to that effect. The President has since issued a formal proclamation constituting the National War Labor Board, which is one phase of the Secretary's scheme of administration. It will be difficult to refuse an appropriation under such circumstances. Indeed, Congress has already committed itself to a considerable extent. It has appropriated for the current year \$250,000 for the ordinary administration of the United States Employment Service and has given the service an additional \$250,000 as a "rotary fund" to provide transportation for war workers. The House of Representatives has passed a bill for \$50,000,000 to provide housing facilities, with the full knowledge that the complete administration of this fund would be in the hands of the Secretary of Labor² and that an understanding existed by which he was to play a large part in the administration of the

¹ Indeed, when the matter was being discussed in the Council of National Defense on January 3, the Secretary expressed his doubt whether the war labor administration should be centered in the Department of Labor. He pointed out that a certain section of the business community regarded his department as a trade union department. While his own conscience was clear, he did not wish to see the new administration centered in his department if such centering would increase the difficulties of the case.

² Rumor has it that some senators will attempt to amend the bill by putting the fund in the hands of the President. Even if this occurs, the fund will still be administered by the Secretary of Labor unless the President reverses his order of January 4, 1918 (see p. 441).

\$50,000,000 housing fund already appropriated for the uses of the Shipping Board. Having gone this far, Congress will be disinclined to turn back, particularly since a strong case can be made for the necessity of a central labor administration and for the adequacy of the central labor administration which the Secretary of Labor has devised. It is worth noting in this connection that even if Congress should fail to pass the specific appropriation bill herein referred to, but should pass in satisfactory form the so-called Overman Bill, which is now pending, power would be given to the President of the United States to carry out his order of January 4, authorizing the Secretary of Labor to set up a national administration, by transferring to his jurisdiction the requisite agencies and instrumentalities.

Granted that the funds are forthcoming, the Secretary is in a strong position to carry out his plan. This plan has not flowed from a priori reasoning "on the nature of things," but has been evolved from a survey of the actual difficulties which face the production departments. On the basis of that survey, an organization scheme was prepared which was then checked with the scheme of the British Ministry of Munitions in order to make certain that all contingencies had been covered. It was then correlated with the administration of labor in the various production departments by a device which has received the cordial support of all those departments. The plan of administration is thus a practical one. If now the Secretary of Labor will provide promptly a well-rounded, definite national labor program, if he will appoint to the positions of responsible leadership in the various services men in whom the Industrial Service sections of the production departments have confidence, and if he can make these appointments before the Industrial Service sections have too definitely crystallized their own procedures, his administration should be successful. His difficulties are not negligible; his handicaps are many. His responsibility and his opportunity are staggering. He has the responsibility of securing an effective utilization of the labor resources of the nation. He has the unique opportunity of leading the nation to a new era of industrial relationships in the coming years of peace.

In Washington, nothing is more certain than uncertainty. Events may very easily take such a turn that our war labor administration will not be conducted in the ways and under the auspices that now seem probable. It may develop that it would be unwise to have them so conducted. The growing restlessness of the production departments over the delays connected with the emergence of a rounded labor program and its effective administration may lead to action in some new direction, though this is very unlikely. In any event, the efforts of the past few months will not have been in vain. The necessity of centralized administration has been made clear, and the issue has been narrowed to one of appropriate methods and agencies.

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